

IN THE CLAIMS:

The claims have been amended as follows:

1. (Amended) A transgenic ungulate bearing a homozygous deletion ~~or disruption~~ of the prion gene, ~~wherein said deletion or disruption prevents expression of a functional endogenous prion protein, and wherein lack of expression of a functional endogenous prion protein renders said bovine unsusceptible to prion-related diseases.~~

2. (Amended) The transgenic ungulate of Claim 1, wherein said deletion ~~or disruption~~ is created by homologous recombination of heterologous DNA into the prion gene locus.

3. (Original) The transgenic ungulate of Claim 2, wherein said heterologous DNA comprises a selectable marker.

Q1 4. (Amended) The transgenic ungulate of Claim 3, wherein said heterologous DNA comprises a neomycin resistance gene operably linked to a ~~PGK~~ promoter.

5. (Original) The transgenic ungulate of Claim 3, wherein said heterologous DNA comprises a promoterless neomycin resistance gene.

6. (Original) The transgenic ungulate of Claim 1, wherein said ungulate is a bovine.

7. (cancelled)

8. (Amended) ~~The~~ A transgenic bovine ~~of according to~~ Claim 7, 1 wherein said bovine bears a heterologous gene that is extraneous to the prion gene locus.

9. (Original) The transgenic bovine of Claim 8, wherein the heterologous gene is operably linked to a mammary-specific promoter, and expression of said heterologous gene enables production of a recombinant protein in the milk of said transgenic bovine.

10-21 (Cancelled)